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CENTRAL INTELLIGENCE AGENCY

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1. In early January 1950, in a village close to Nanning (108-18, 22-48), Communist soldiers fired on villagers who refused to give them rice. In the riot that followed, the villagers killed or disarmed most of the guards and fled to the mountains. The Communists subsequently burned the village on the grounds that it was the hiding place of Nationalist reactionaries.
2. In many villages in the Chinchow (108-37, 21-58) - Nanning area, the inhabitants at first refused to accept Jen Min Piao from the soldiers for food and goods but insisted on silver dollars. Many markets in Kwangai went on a strike to protest the use of JMP.
3. Excessive taxes and other unpopular measures brought about a machine gun attack on the Communists by guerrillas and the inhabitants of Linchow (109-16, 24-18). Dissatisfaction in Kwangai is so widespread that it is a cause of grave concern to the Communists.
4. In early 1950, two out of ten families in a village near Hankow were living on rough rice, and the others on potatoes and food substitutes. This situation was brought about by exorbitant taxes on the land. Meanwhile, because food officials were inefficient and corrupt, grain lay wasting in warehouses. Riots resulted and upon one occasion more than one hundred villagers were arrested and many others killed or wounded by a company of troops dispatched from Wuchang.
5. The Changchiang Daily News reported that for the period of January 1 - March 31 1950, grain losses in Hupeh alone were 2,100,000 catties, as a result of official inefficiency and corruption. [REDACTED]
6. Numerous merchants in Hankow and Wuchang have exhausted their capital buying victory bonds and paying exorbitant taxes. Others are looking forward to the day when their goods will be sold and they can close shop. The industrialists are willing to forfeit their factories to the government.

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- 25X1 7. [REDACTED] the Land Reform Program in Manchuria is virtually complete. Landlords were compelled to beg for a living after having given up their lands, homes, and other belongings. After having begged for three months, they were given land to cultivate.
- 25X1 [REDACTED] the same situation prevails in Hopeh and in other provinces in North China.
8. Communist police are very active in investigation of former Nationalists in the Hankow - Wuchang area. Following one such night of questioning, more than one thousand persons were thrown into jail and held incommunicado.
9. Indications are that the Communists are undertaking a purge in their various organizations. Former Nationalist civil servants who stayed on their jobs when the Communists took over their offices are gradually being replaced by Communist-trained students of the military and political colleges. Such a purge is taking place in Hankow.

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